

CITY COUNCIL REPORT



Meeting Date: October 20, 2015
General Plan Element: *Economic Development*
General Plan Goal: *Sustain Scottsdale as a tourist destination*

ACTION

azcentral.com Food & Wine Experience Event Funding. Adopt Resolution No. 10251 authorizing funding not to exceed \$75,000 from the city portion of bed tax allocated toward one time commitment capital, event, and administration for the azcentral.com Food & Wine Experience event, and authorize the Mayor to execute Agreement No. 2015-229-COS with R Entertainment Company, LLC.

BACKGROUND

On May 8, 2012, City Council approved Ordinance No. 4019 establishing city bed-tax funds in the amount of \$500,000 for one-time use for tourism capital projects, event development, and administration.

R Entertainment Company, LLC has proposed a one year agreement with the City of Scottsdale to host the azcentral.com Food & Wine Experience event to be held at the Scottsdale Fashion Square event park on November 7 & 8, 2015.

On September 15, 2015, the Tourism Development Commission unanimously recommended that City Council support the agreement between the city and R Entertainment Company, LLC.

ANALYSIS & ASSESSMENT

The azcentral.com Food & Wine Experience event is two day culinary experience featuring more than one hundred restaurants, wineries, and breweries along with nationally known chefs and food network celebrities.

The event will also feature cooking expos, food seminars along with live entertainment and various late night offerings.

The benefits associated with the event include the opportunity to promote tourism in Scottsdale as a culinary destination through event marketing and promotion as well as exposure from any food networks that may cover the event.

In order to enhance the city's event sponsorship evaluation process, the city has retained a qualified marketing research consultant, Artigue Agency, to measure overall value and benefits associated with a proposed event sponsorship.

The Artigue Agency report indicates there are multiple benefits associated with hosting the azcentral.com Food & Wine Experience and that the estimated direct spending and the resulting benefit will cover the proposed annual city sponsorship of \$75,000.

Proposed Agreement

The host and promotional benefits in the attached proposed one-year agreement between R Entertainment Company, LLC and the City of Scottsdale are focused on highlighting the Scottsdale destination through media and promotional opportunities.

Following the conclusion of the event, R Entertainment Company, LLC will provide the city a post event report that will provide:

1. An evaluation of the producer's performance under this agreement
2. The benefits to the city and the public achieved, and likely to be achieved, because of the event
3. And such other information as the post event report shall require. If requested, a presentation to City Council will be required.

In addition, the city has the option to conduct an event intercept survey during the event using questions selected by the city at the event at a reasonable cost to the event producer.

RESOURCE IMPACTS

Available Funding

The total maximum city investment for the agreement is \$75,000. Based on FY2015/16 bed tax projections, funds are available.

Staffing, Workload Impact

No additional staffing or other resources are anticipated as a result of the proposal.

OPTIONS & STAFF RECOMMENDATION

Adopt Resolution No. 10251 authorizing funding not to exceed \$75,000 from the city portion of bed tax allocated toward one time commitment capital, event, administration for the azcentral.com Food & Wine Experience event, and authorize the City Mayor to execute Agreement No. 2015-229-COS with R Entertainment Company, LLC.

RESPONSIBLE DEPARTMENT(S)

Tourism and Events Department

STAFF CONTACTS (S)

Steve Geiogamah, Acting Tourism Development Manager, sgeiogamah@scottsdaleaz.gov

APPROVED BY



Steve Geiogamah, Acting Tourism and Events Director

480-312-4013, SGeiogamah@ScottsdaleAz.gov

10-5-15

Date



Brent Stockwell, Assistant City Manager

480-312-7288, BStockwell@scottsdaleaz.gov

10/6/15

Date



Brian K Biesemeyer, Acting City Manager

480-312-5683, BBiesemeyer@scottsdaleaz.gov

10/6/15

Date

ATTACHMENTS

1. Resolution No. 10251
2. Agreement No. 2015-229-COS
3. September 15, 2015 Tourism Development Commission Minutes
4. Artigue Agency Report- azcentral.com Food & Wine Experience
5. Event Development Program Guidelines

RESOLUTION NO. 10251

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, ARIZONA, AUTHORIZING USE OF TRANSIENT LODGING (BED) TAX FUNDS FOR THE AZCENTRAL.COM FOOD & WINE EXPERIENCE AND AUTHORIZING A NEW EVENT FUNDING AGREEMENT WITH THE EVENT PRODUCER, R ENTERTAINMENT COMPANY, LLC

WHEREAS, City desires to provide funds for the AZcentral.com Food & Wine Experience event; and

WHEREAS, City and the event producer wish to enter into an agreement for the event; and

WHEREAS, City Council has considered the City's expenditure authorized by the Agreement and the direct consideration the City will receive and finds that there is a clearly identified public purpose for the City's expenditure and the City will receive direct consideration substantially equal to its expenditure.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Scottsdale, Arizona, as follows:

Section 1. The City Council authorizes an amount not to exceed \$75,000 from the Event/Event Development portion of transient lodging (bed) tax funds for promoting the City of Scottsdale through the AZcentral.com Food & Wine Experience event.

Section 2. The City Council authorizes and directs the Mayor to execute, on behalf of the City, Contract No. 2015-229-COS with R Entertainment Company, LLC.

PASSED AND ADOPTED by the City Council of the City of Scottsdale, Arizona this ____ day of _____, 2015.

CITY OF SCOTTSDALE, an Arizona
municipal corporation

ATTEST:

Carolyn Jagger, City Clerk

W. J. "Jim" Lane, Mayor

APPROVED AS TO FORM:

Bruce Washburn, City Attorney
By: William Hylen
Senior Assistant City Attorney

CONTRACT NO. 2015-229-COS

NEW EVENT FUNDING AGREEMENT

THIS NEW EVENT FUNDING AGREEMENT (the "Agreement") is made this ____ day of _____, 2015 by and between R Entertainment Company, LLC ("Producer") and the CITY OF SCOTTSDALE, an Arizona municipal corporation ("City").

RECITALS

A. City's City Council has approved the expenditure of a portion of certain funds collected (the "Bed Tax Funds") in conformity with Financial Policy 21A to be used to help promote certain events supporting tourism and the hospitality industry in Scottsdale, Arizona.

B. Producer is the producer of AZcentral.com Food & Wine Experience (the "Event").

C. Producer has submitted to City a proposal (the "Proposal") describing the Event and requesting that City authorize use of a portion of the Bed Tax Funds for the Event to promote Scottsdale as a tourist destination.

D. At Producer's request, City has determined to provide funds (the "Event Funds") to Producer up to the maximum amount of Seventy Five Thousand and No/100 Dollars (\$75,000.00) (the "Event Amount") per Event.

E. City's willingness to provide the Event Funds is conditioned upon Producer's executing and performing this Agreement and delivering to City after the Event a report (the "Post Event Report") accompanied by a separate invoice (the "Invoice").

NOW, THEREFORE, in consideration of the foregoing and good and valuable consideration received, the parties hereto agree as follows:

1. Funding Limitation. Payment of the Event Funds is subject to all of the following cumulative conditions and limitations:

1.1 The total amount of Event Funds City pays under this Agreement shall not exceed the Event Amount.

1.2 City's payment shall be made only from Bed Tax Funds, specifically the portion allocated to event development. City is not obligated to provide funding from any other source.

1.3 Without detracting from limits contained elsewhere in this Agreement, Event Funds shall be disbursed only to the extent City determines, in its sole and absolute discretion, that City has collected adequate Bed Tax Funds to disburse these amounts, taking into account all circumstances including, without limitation, competing uses for the Bed Tax Funds.

2. Event Requirements. In addition to the Event Scope of Deliverables more specifically set forth in Exhibit A, attached hereto and herein incorporated by reference in its entirety, Producer shall cause the Event to comply with all of the following requirements:

2.1 The Event shall be held within the corporate limits of the City of Scottsdale.

2.2 The Event shall be open to the public.

2.3 The 2015 Event shall be held November 7, 2015 and November 8, 2015.

Notwithstanding the foregoing, if the Event fails to occur on the above date solely due to weather, an act of God, or a condition beyond the reasonable control of Producer, then the Parties may agree to reschedule the Event (or any portion thereof) to a subsequent date certain. All rights and privileges of the parties will continue until conclusion of the Event. Should the Parties agree that rescheduling the Event is not tenable or the Parties cannot agree on a rescheduled date, this Agreement will terminate and City shall have no further obligation to provide additional funds beyond the value of sponsorship benefits provided as of the date of termination.

2.4 Producer's representation that the Event will be of the same scale, quality, attendance, economic benefit to the public and provide other public benefits, or better, as are described in the Proposal is a material term of this Agreement.

2.5 Producer shall publicly acknowledge the City support represented by this Agreement. Without limitation, Event publicity, messaging and other activities that occur before and during the Event shall market and promote Scottsdale, shall clearly indicate that the Event occurs in Scottsdale, and where appropriate, after consultation with the City, shall clearly indicate the Event is sponsored by City, and shall utilize (as determined appropriate by City) a logo provided by City or the Scottsdale Convention and Visitors Bureau ("SCVB"). No other use of City's name is allowed in any form of messaging or public relations without prior City approval. Notwithstanding the above, Producer shall have final approval of all materials containing Producer trademarks and copyrighted material.

2.6 In addition to the full-page acknowledgement specified in Exhibit A, if City requests, Producer shall publish in the Event program at least one reasonably prominent acknowledgement that is at least half of one page. The acknowledgement shall use content provided by City that promotes Scottsdale. The acknowledgement must be approved in advance by Producer.

2.7 Prior to the Event, Producer shall communicate to City for City's input the booking engines, room blocks, third party economic impact reports or equivalent methods that Producer will use to track which hotels and other lodgings are used by attendees, staff, vendors and other person who attend the Event.

2.8 Prior to the Event, Producer shall deliver to City a letter, email, or fax (the "Exhibit Space Invitation") offering City a minimum of eighty (80) square feet of reasonably prominent exhibit space at the Event to be used by City at no charge for the purpose of promoting Scottsdale. The design and use of such exhibit space by City will be subject to Producer's final approval and will conform to tournament guidelines for exhibit space.

2.9 The official Event website shall include a link to City's website and or SCVB's website.

2.10 City will conduct an event intercept survey contemporaneous with the Event, with questions to be provided by City, which cost (\$500-\$1500) will be reimbursed by Producer. Producer will reimburse this cost within 60 days of the City sending an invoice.

2.11 After the Event, Producer shall provide the Post Event Report to City as follows:

2.11.1 The Post Event Report shall include the following:

2.11.1.1 A narrative description of:

2.11.1.1.1 The Event.

2.11.1.1.2 Producer's performance under this Agreement.

2.11.1.1.3 The benefits to City and the public achieved and likely to be achieved because of the Event.

2.11.1.1.4 The Event's effects on City hotels.

2.11.1.1.5 The positive and negative effects on City services, facilities and neighborhoods.

2.11.1.2 A statement of the total attendance for the Event.

2.11.1.3 Such other information as the Post Event Report template to be provided by City shall require.

2.11.2 Producer shall deliver the Post Event Report to City no later than 30 days after the Event.

2.11.3 Producer shall deliver the Post Event Report and the Invoice simultaneously in the same package and delivery, but each shall be enclosed in a separate sealed envelope within the package.

3. Event Fund Payment. Producer shall request Event Funds and City shall pay Event Funds based on the quantified values in Producer's post-Event report as follows:

3.1 City's payment of the Event Funds is conditioned upon Producer executing and performing this Agreement. City reserves the right to reduce the Event Amount below \$75,000 or not make payment if Producer fails to fully perform all terms of this Agreement, including failing to make the full direct dollar marketing investment in the event as required by Exhibit A, or if Producer's post-event report does not support such direct sponsorship amount.

3.2 City shall make the payment within sixty (60) days after receiving all of the following:

3.2.1 The Post Event Report;

3.2.2 The Invoice;

3.2.3 All supporting and other materials required by this Agreement. Payment of Event Amount shall be conditioned on Producer providing such evidence as City requests.

4. Compliance With Law. This Agreement does not waive and is not a substitute for Producer's obligation to comply with all state, local and federal laws, policies and regulations applicable to the Event. This Agreement is not a permit or regulatory approval to hold the Event. This Agreement is not a promise to make City venues or other resources available for the Event.

5. Indemnification. To the fullest extent permitted by law, Producer, its successors, assigns and guarantors, shall defend, indemnify and hold harmless City, its agents, representatives, officers, directors, officials and employees from and against all allegations, demands, proceedings, suits, actions, claims, damages, losses, expenses, including but not limited to, attorney fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expense, related to, arising from or out of, or resulting from any negligent or intentional actions, acts, errors, mistakes or omissions caused in whole or part by Producer relating to the Event, and any work or services in the performance of this Agreement including, but not limited to, any subcontractors, suppliers or others connected with the Event or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable and any injury or damages claimed by any of Producer's customers or employees. Producer's indemnification obligations shall extend beyond and will not be affected by any termination of this Agreement.

6. Insurance. Producer shall purchase and maintain insurance, or have a subcontractor purchase and maintain insurance on its behalf and to the benefit of the City, that contains the contractual language specified in 6.5. Insurance coverage shall be in full force during the Event and during all setup and takedown and shall include and comply with coverages and limits as follows:

6.1 The following coverages are required as applicable:

6.1.1 Commercial/Business Automobile Liability insurance with a limit of not less than \$1,000,000 each occurrence with respect to the Producer's owned, hired, and non-owned vehicles.

6.1.2 Workers Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Producer's employees; and Employers' Liability insurance of not less than \$100,000 for each accident, \$100,000 disease for each employee, and \$500,000 disease policy limit. If any work is performed by third parties, Producer will cause the third parties to provide Workers Compensation and Employers' Liability to at least the same extent as required of Producer.

6.1.3 "Occurrence" form Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence, \$2,000,000 Products and Completed Operations Annual Aggregate, and a \$2,000,000 General Aggregate limit. The policy shall cover liability

arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury. If any Excess insurance is utilized to fulfill the requirements of this paragraph, such Excess insurance shall be "follow form" equal or broader in coverage scope than underlying.

6.1.4 If valet parking is offered, Garagekeepers Legal Liability with limits of not less than \$75,000 per vehicle.

6.1.5 If alcohol is sold at the Event, liquor liability insurance with a limit of not less than \$5,000,000 for each occurrence and \$5,000,000 aggregate.

6.2 For all insurance policies except Workers Compensation, City shall be named as additional insured.

6.3 City's Risk Management Division may increase or change required insurance coverage and limits from time to time depending on the size, scope and nature of the activities of the Event. No reduction in coverage or policy limits is effective without the written approval of City's Risk Manager or designee.

6.4 Use of Subcontractors. If any work under this Agreement is subcontracted in any way, Producer shall execute a written agreement with Subcontractor containing the same Indemnification Clause and Insurance Requirements as required by this Agreement which protects City and Producer. Producer shall be responsible for executing the agreement with Subcontractor and obtaining Certificates of Insurance verifying the insurance requirements.

6.5 Required insurance shall be issued by insurance companies licensed to do business in the State of Arizona, or from qualified non-admitted insurers who are authorized to do business in the State of Arizona.

6.6 Producer shall provide City, prior to the Event, certificates of insurance as evidence that the required insurance coverages and limits are in full force and effect.

7. Term/Termination. This Agreement shall be in effect from the date executed by City's Mayor and will terminate upon Producer providing to City a satisfactory Post Event Report and City paying to Producer the Event Funds. However, City may, without further obligation, terminate the Agreement earlier for convenience or cause, upon giving Producer ten (10) days

written notice. If the Event is canceled, this Agreement and all obligations of City and Producer hereunder shall also be cancelled at such date.

8. Miscellaneous.

8.1 Assignment. Producer's obligations and rights hereunder shall not be assigned or delegated, in whole or in part, without City's prior written consent.

8.2 Cancellation. This Agreement is subject to cancellation pursuant to the provisions of A.R.S. Section 38-511.

8.3 Modifications. Any amendment or modification from the terms of the Agreement shall be in writing and shall be effective only upon approval of all parties.

8.4 Severability. If any term or provision of this Agreement shall be found to be illegal or unenforceable, the remainder of this Agreement shall remain in full force and effect, and such term or provision shall be deemed to be deleted.

8.5 Attorney's Fees. If any party brings any action for any relief, declaratory or otherwise, arising out of this Agreement, the prevailing party shall be entitled to receive from the non-prevailing party reasonable attorney's fees, costs, and expenses, determined by a court sitting without a jury, which shall be deemed to have accrued on the commencement of such action.

8.6 Authority. The person executing this Agreement on behalf of Producer warrants and represents to have full power and authority on behalf of Producer to enter into and perform this Agreement.

8.7 Employment of Unauthorized Workers. Producer shall comply with A.R.S. §23-211, et seq. and all other applicable federal, state and local laws and regulations that relate to Producer's employees (collectively, the "Unauthorized Worker Laws"). Producer shall cause its contractors to comply with the Unauthorized Worker Laws as respects the contractors' employees. Without limitation, Producer warrants and represents pursuant to A.R.S. §41-4401(A)(1) that Producer and its contractors comply with A.R.S. §23-214(A). Pursuant to A.R.S. §41-4401(A)(2), a breach of this paragraph shall be a material breach of this Agreement and an event of default, which shall entitle City to exercise any and all remedies described in this Agreement or otherwise available at law or equity, including without limitation termination of this

Agreement. However, pursuant to A.R.S. §41-4401(C), Producer shall not be deemed to be in material breach of the warranty if Producer and its contractors establish that they have complied with the employment verification provisions prescribed by §274A and §274B of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by A.R.S. §23-214(A). City shall have the right to inspect the records and papers of Producer and its employees, and of Producer's contractors and their employees, to ensure that Producer and its contractors are in compliance with this paragraph.

8.8 Notices. Notices hereunder shall be given in writing by hand delivery or by United States mail, return receipt requested, postage prepaid addressed to:

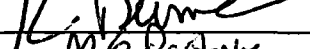
If to City: Steve Geiogamah (Contract Administrator)
Tourism Development Manager
City of Scottsdale
7506 E. Indian School Rd.
Scottsdale, AZ 85251

If to Producer: Chelsea Fox, Production Manager
R Entertainment Company, LLC
16411 N. 90th Street, Suite 105
Scottsdale, AZ 85260

By notice, City or Producer may designate other addresses for receiving mailed notice hereunder. Service of any notice by mail shall be deemed to be complete three (3) days (excluding Saturday, Sunday and legal holidays) after the notice is deposited in the United States mail.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names as of the date first stated above.

PRODUCER: R Entertainment Company, LLC

By: 
Its: M.O. Partner

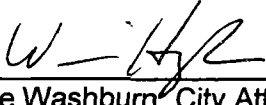
CITY: CITY OF SCOTTSDALE, a
municipal corporation

By: _____
W. J. "Jim" Lane, Mayor

ATTEST:

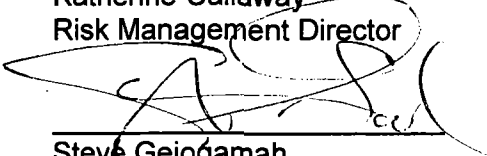
By: _____
Carolyn Jagger, City Clerk

APPROVED AS TO FORM:



Bruce Washburn, City Attorney
By: William Hylen
Senior Assistant City Attorney

Katherine Callaway
Risk Management Director



Steve Geiogamah
Tourism Development Manager

Exhibit A

New Event Funding Scope of Deliverables

Event Name: AZcentral.com Food & Wine Experience

Producer shall ensure the following:

- The AZcentral Food & Wine Festival Experience (the Event") will occur at Scottsdale Fashion Square Mall event park in Scottsdale, Arizona on November 7-8, 2015.
- Producer will stage multiple culinary experiences including but not limited to the following: grand tasting including 30 wineries, 50 restaurants, 30 craft brewers, 20 distillers, as well as master classes taught by celebrity chefs.
- There is a full page acknowledgement that promotes the City of Scottsdale inside each Spectator Guide Program.
- In addition to the acknowledgement of Scottsdale required in paragraph 2.5, Producer shall provide at least a \$150,000 direct dollar marketing investment in the Event, of which up to \$75,000 may be for pre-event public relations, and ensure that such investment is reflected in the required marketing and promotional plan. All public relations and marketing shall comply with paragraph 2.5 of this agreement in acknowledging City's support and sponsorship.
- Scottsdale Convention and Visitors Bureau will have the opportunity to distribute items or literature to all Event participants and attendees.
- Event announcers will verbally mention the City of Scottsdale and Scottsdale Convention and Visitors Bureau a minimum of six times daily during Event announcements. Scottsdale Convention and Visitors Bureau will provide the content of such verbal mentions to Producer prior to the Event.
- In addition to the acknowledgement of Scottsdale required in paragraph 2.5, Scottsdale visitor information will be prominently featured in event press releases for the Event.
- The Scottsdale CVB will have the opportunity to provide three 30-second videos to be shown at the Event. The Event shall recognize the City of Scottsdale and the Scottsdale CVB as hosts of The AZcentral Food & Wine Festival Experience in all partner communication commercials and live broadcasts spots for the Event on Cox, CBS radio, and Fox Channel 10.
- The City of Scottsdale and the Scottsdale Convention and Visitors Bureau shall be identified as hosts on the Event website. The Event website shall include a link to the Scottsdale Convention and Visitors Bureau website and identify the Scottsdale Convention and Visitors Bureau website as a vacation planning resource or visitor information resource.
- Producer shall work closely with Scottsdale Convention and Visitors Bureau to create mutually agreeable additional promotional opportunities for Scottsdale in connection with

the Event. Producer shall promote such promotional opportunities in conjunction with the Event on the Event's website.

- Producer shall create and implement a marketing and promotion plan for the Event which will target Scottsdale feeder cities in order to provide assurance of increased tourism for Scottsdale as a result of the event. By November 1, 2015, Producer shall provide to the City and initiate a marketing and promotion plan.



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, September 15, 2015

**Kiva Forum – City Hall
3939 N. Drinkwater Boulevard
Scottsdale, Arizona 85251
DRAFT MINUTES**

- PRESENT:** David Scholefield, Chairman
Ren Hirose, Vice-Chairman
Ace Bailey
Linda Dillenbeck
Carl Grupp
Camille Hill
Robert McCreary
- STAFF:** Steve Geiogamah
Holli Shannon
Lee Guillory
Rose Rimsnider
Cheryl Sumners
Brent Stockwell
Gary Meyer
Mary Murphy-Bessler
Derek Earle
- GUESTS:** Virginia Korte, Councilmember
Rachel Sacco, SCVB
Rachel Pearson, SCVB
Caroline Stockhill, SCVB
Kerry Dunne, R-Entertainment Company
Chelsea Fox, R-Entertainment Company
Valerie LeBlanc, PLACES Consulting

1. Call to Order/Roll Call

Noting the presence of a quorum, Chairman Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:02 a.m.

2. Approval of Minutes

- August 18, 2015 Regular Meeting

COMMISSIONER BAILEY MOVED TO APPROVE THE MINUTES OF THE AUGUST 18, 2015 REGULAR MEETING AS PRESENTED. COMMISSIONER HIROSE SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

3. Manager Reports

a. Staff Bed-Tax Collection Report

Mr. Geiogamah reported that for the month of July, bed tax revenue was up 13%, and is trending up 4% for the year. Hotel sales tax increased by 35%, which is probably the result of an anomaly. Miscellaneous and restaurant sales taxes are trending well for year to date. Bed tax revenue has continued to increase throughout the summer.

Chairman Scholefield noted a reduction in the Scottsdale inventory of 465 rooms, most of which came with the closure of the Zona. The Scottsdale Resort and Conference Center was closed for 90 days, and Chaparral Suites had a tower closed for part of the summer.

b. Bed Tax Proforma

Mr. Geiogamah reviewed the bed tax proforma, noting that it now reflects the actual spend for FY14/15, and includes estimates for FY15/16. Chairman Scholefield noted that a Commission recommendation regarding the Civic Center Mall redesign was voted down by City Council, but has been revitalized through capital projects.

c. Smith Travel Report

Mr. Geiogamah stated that occupancy is trending well at 2.7% year to date. The average daily rate rose by 13.7%, and revpar is trending 16.8%. The business segment is trending fairly close to leisure travel numbers.

d. Program Updates

Mr. Geiogamah said the Event Working Group met earlier this month to review five community events and one matching event advertising program application. Barrett-Jackson was approved for \$30,000. Vice Chairman Hirose stated that the exposure that Barrett-Jackson provides to Scottsdale nationally makes it a good partner. The Art Walk is being reviewed to ensure that it falls within the program criteria.

Mr. Geiogamah introduced the City of Scottsdale's new Downtown Specialist Mary Murphy-Bessler.

4. Destination Event Marketing Analysis and Fundraising Feasibility Analysis

Valeri LeBlanc, PLACES Consulting, reviewed a feasibility analysis for a multi-week event in downtown Scottsdale. The report covers forces and trends in the event industry, regional and local marketing characteristics, an event venue analysis, discusses the economic benefits of events, and offers various approaches and options. Diversity is the key to drawing large audiences. There is much value in technology driven events. Consumers attend events and festivals because they are looking for an experience. That experience needs to begin the minute they step out of the airport, hotel, or apartment. Scottsdale is having trouble developing its next phase of tourism partially because of the differences in demographics. Regionally the population skews much younger, has more families, and has a different ethnic mix. Nearly 18.3% of the households in Scottsdale are seasonal or recreational use. These are important factors to keep in mind when trying to understand what the regional marketplace can contribute to a long event.

Ms. LeBlanc reviewed attendance numbers for various Scottsdale events. Attendance drops off dramatically beyond spring training, the Super Bowl and Bike Week, despite the resources spent to support other kinds of events. There is regional interest in events with arts, Arizona culture, and science and technology themes. The suggested event period is ten to 20 days. Challenges to large events in Scottsdale include the downtown area, which lacks large spaces, and millennial versus boomer interests in different modes of transportation and participation. The corporate base locally is small, and the seasonal population makes fundraising a challenge. Poor connectivity between downtown and north Scottsdale is an issue that has come up repeatedly. There is increased competition for events nationally. Destination events require initiative and significant resources, and will have to be innovative but still authentically Scottsdale.

Ms. LeBlanc noted that the regional and local market is festival and event heavy. The events vary in size, but most are only one day and have attendance of 20,000 or less. The opportunity exists to thematically connect a group of events across the region, which could push up visitation and make for a bigger event. Common themes for events in the region are the arts, food, horses and livestock, cars, sports, western, travel, and culture. Strong media, brand, and celebrity partnerships are imperative. Scottsdale has not explored celebrity partnerships to any great extent up to this point. There is a gap for a fall event centered around arts and entertainment, food, or a western/tribal theme.

Ms. LeBlanc noted that report recommends five possible approaches:

- Create an event that encompasses a large new element but embraces local pre-existing themes and happenings.
- Relocate or create a satellite for an already branded event.
- Package a set of existing festivals and events into a larger, longer-term festival.
- Select an existing Scottsdale event that can be grown and developed to the destination level.
- Create a brand new event.

A combination of these approaches could also work. Events must include components that appeal to a wide variety of people.

The report recommends several possible festival types: country music; food and drink; technology and media; a cool world conference, which is a TED-style event around environmental issues; a bicycle festival; and outside bounds, which is an arts-oriented event. The report also analyzes the fundraising potential for each type of event in Scottsdale. The Task Force will be analyzing this report in more detail.

Mr. Geiogamah stated that Phase 2 will consist of the economic impact of a destination festival, and assess its viability moving forward. The Task Force could potentially take one of the outlined approaches or develop an alternative.

Vice Chairman Hirose said this report confirms the need for larger events, similar to what other cities have. All the good ideas for a destination festival that have been proposed in the past have been blocked by the gift clause or other ordinances. The City Attorney should advise on changes to the ordinance that could allow Scottsdale to pursue these ideas. If changes cannot be made, the idea should be dropped. Ms. LeBlanc said Scottsdale needs an over structure regarding events. Vice Chairman Hirose suggested that the Tourism Advisory Task Force include the City Attorney in their discussions on destination events.

5. Food & Wine Experience Presentation

Kerry Dunne, R-Entertainment, said the Food and Wine Experience is envisioned as a large-scale, high-end, Aspen or South Beach type culinary event in Scottsdale. Chefs from around the world would come to this media-driven event that would be produced in collaboration with the Gannett Company, which publishes *USA Today* and *Arizona Republic*. This media support will be a key part of building this festival over the long term.

Mr. Dunne stated that Macerich will host the first event in the same space ESPN used during the Super Bowl. It is scheduled for November 7 and 8 this year, which places it in the shoulder season. *USA Today* feels this would be an opportune time to bring their major sponsors to Arizona.

This event will go beyond the average tasting festival to create memorable experiences. Towards this end, 36 different activations will be designed to engage people from all generations. Chelsea Fox, R-Entertainment, explained that there will be something for everybody. In addition to a grand tasting, attendees will be able to have intimate dinners with celebrities, VIP experiences and seminars with top chefs, and attend a millennial after party. The festival recognizes the importance of introducing millennials to the food and wine experience.

Mr. Dunne said national advertising starts next week in all key markets that drive Scottsdale tourism. Many ads have already appeared in the *Republic* and on AZ Central. Celebrity chefs from around the nation and the world have started creating a buzz for the event. USA Editorial staff are looking for stories that can tie into the festival. The long-term goal is to grow this into an event that has tourism economic impact, and introduces Scottsdale as an international food destination.

Vice Chairman Hirose said this event is exactly the type that Scottsdale needs for its future. It is big and bold, and occurs in the shoulder season. He suggested partnering with local chefs to create a restaurant week that could culminate with the Food and Wine Experience. Mr. Dune responded that the South Beach Food and Wine Festival grew by starting out small and incorporating many other events into it. That is the same vision for Scottsdale.

Chairman Scholefield commended the advertising plan, but inquired about the impact that additional money from Scottsdale would have. Mr. Dunne explained that it would help subsidize the advertising to which Gannett has already committed. There never is enough money in the first year of a new event. It always takes a couple of years to educate the public, and this is even more true now with the wide variety of options that exist for reaching audiences.

Mr. Geiogamah noted that the requested amount is \$75,000. Most of the deliverables are promotion and marketing based and are designed to ensure that the City gets fair and substantial value for its investment. The bed tax fund has a cash surplus in the one-time commitments fund.

COMMISSIONER DILLENBECK MOVED TO APPROVE FUNDING OF UP TO \$75,000 FROM THE ONE-TIME COMMITMENT FUND FOR THE SCOTTSDALE FOOD AND WINE EXPERIENCE. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

6. Tourism Project Prioritization

Mr. Geiogamah presented an evaluation form with weighted criteria that could serve as a tool to prioritize tourism-related capital projects that could be presented to the TDC in the near future. He requested feedback on the matrix and its criteria.

Chairman Scholefield inquired whether the expenditures would be limited to those projects built within the city limits of Scottsdale. Mr. Geiogamah responded that a component of the program has to be in Scottsdale, but not the entire program. Chairman Scholefield suggested expanding the scope to incorporate programs that benefit Scottsdale but lie outside the city limits. Vice Chairman Hirose requested rating guidelines that could be used to standardize scores.

Chairman Scholefield suggested that key market segments should be judged apart from seasonality, and said identifying clientele that has been lost would be a key part of recapturing them. He pointed to several references in the criteria language that would need clarification to prevent them from being overly broad and too open to interpretation. He requested advice from the City Attorney on when money from the bed tax would qualify as a payback to the City and when it would not. He said the draft is a great first attempt, but it could use some fine-tuning. Mr. Geiogamah said the matrix will be updated and presented again at the next meeting.

7. Desert Discovery Center Project Update

Derek Earle, City Engineer, provided an update on the Desert Discovery Center project. On March 24, 2015, City Council held a work study session to talk about various aspects of the DDC. They provided three key pieces of direction: to issue a request for qualifications for an operator manager of the facility; to utilize the same development process on the DDC that was used on the Museum of the West; and to locate the facility at the Gateway on Thomson Peak Parkway.

Mr. Earle stated that the RFQ included a scope of services for the applicants to respond to, and criteria upon which the responses would be evaluated. Applicants were not asked to respond with architectural services. The City will be potentially contracting for architectural support separately from the manager contract. This gives the flexibility to carry the process with the same manager through completion to operation and sets the groundwork for the entire facility.

Mr. Earle identified four steps in the development process. A vision and preliminary plan for the facility will be prepared. Much work has been done so far to determine what the DDC might look like. The point now is to specify what it will look like, while incorporating the operator manager's vision. Future steps will be a 30% design for feedback from the general public, followed by 100% design of the facility, and finally construction and operation. The focus right now is only on step one.

Mr. Earle explained the scoring criteria. The RFQ resulted in a single response from an organization called Desert Discovery Center Scottsdale, Inc, which is composed of a group of individuals who have been heavily involved in the project for years and are very familiar with it. Their response was fully compliant with the RFQ, and they received 895 points out of 1,000, which is a very good to excellent score.

City Council provided further direction last week to move forward with the contract negotiations for the first phase of services. They also directed the City Treasurer to review possible funding sources for the first stage. Council also discussed having staff provide more detail concerning some of the legal regulatory issues related to the site selection. Staff will be negotiating the scope of services with the respondent for the first step and will put together an estimated budget and funding recommendations. Formal action to move forward with the first phase is anticipated later this year.

Commissioner Hill inquired whether an area of the DDC would be dedicated for producing special events. Mr. Earle responded that the organization is anticipated to give that recommendation. Their business plan will likely view special events as a potential revenue source. Commissioner Hill recommended a review of the design to ensure that the facility would be capable of hosting special events. Mr. Earle said tourism is clearly one of the most critical issues associated with the facility, but the operator is also looking into the possibility of bringing in an educational partner.

Chairman Scholefield noted that the TDC, on March 20, 2012, voted to support the DDC with a \$600,000 commitment from the bed tax, but that never went before City Council for their approval. Mr. Geiogamah clarified that the funding came from multi-year commitments. Chairman Scholefield noted that the City Council would consider all possible funding sources for the first step, not just the bed tax.

8. Public Comment

There were no public comments.

9. Identification of Future Agenda Items

Mr. Geiogamah reported that the Baseball Museum will provide a project update next month. Staff is working on the bed tax stabilization fund, and an update might be available next month. The project prioritization matrix will be improved. The October 20 TDC meeting is to be held at the Museum of the West.

Adjournment

The meeting adjourned at 9:12 a.m.

Recorded and Transcribed by AVTronics Inc., d/b/a AVTranz Transcription and Reporting Services



Azcentral.com Food & Wine Experience Review of the Economic and Media Impact

Event Concept

Event producers, R Entertainment, are planning to create a major new culinary event and bring it to Scottsdale this coming November 7 and 8. This upscale food and wine festival will be held at the Scottsdale Fashion Square "Event Park" and plans call for it to be an annual fall event. More than 100 restaurants, wineries and breweries will participate, along nationally-renown chefs and food network celebrities. A Cooking Expo featuring kitchen tools and equipment, food seminars and cooking technologies will also be a part of the event, along with live entertainment and various "late night" offerings.

An equity and promotional partner in this culinary event is Gannett Media and thus azcentral.com serving as the title sponsor. Gannett, and their local media properties, *The Arizona Republic* and azcentral.com will provide significant advertising and editorial support throughout the Valley and *USA Today* (another Gannett property) will also provide national advertising support. Cadillac is the presenting sponsor and other local sponsors are Alliance Bank, Hensley & Company, Molina Jewelers and Sub Zero/Wolf.

Pertinent Questions

1. R Entertainment does not provide an estimate of expected or hoped-for attendance but they should be asked to provide a realistic range.
2. Of those who do attend the event, how many are projected to be visitors from *outside* of the Scottsdale/Valley area?
3. Which feeder cities does R Entertainment say are most likely to provide the core visitors/attendees?
4. What will Macerich's contribution to the event; cash and/or in-kind? Are they marketing the event through their out-of-Arizona retail facilities?
5. As "Stay n' Play" packages are mentioned in their proposal, what do these look like and which Scottsdale hotels will be included?
6. Will the City's or CVB's logo appear in the local and national print ads and will the TDC have the opportunity to preview and approve the creative materials before they run? (the ads that were submitted with the funding request only called out SFQ)
7. Is there a philanthropic component to the event with a local charity receiving monies?
8. Of the various media outlets that FleurComGroup pitches to write stories, can they coordinate efforts with the Scottsdale CVB public relations staff so as to benefit from their media relationships, resulting in maximum exposure for the city?
9. How would the City of Scottsdale's funding specifically be utilized?
10. Finally, will E Entertainment commit to making this a multi-year event?

Food & Wine Experience Analysis

Page Two

General Assumptions

- This event will appeal primarily to a wide ranging audience, albeit skewing more upscale.
- The event is also targeting Millennials, and this audience segment may or may not be able to afford Scottsdale's "shoulder season" room rates.
- From what has been shared in the event proposal, most all of the national marketing for Scottsdale will come primarily from newspaper advertising.
- Local advertising will be a combination of newspaper, radio and possibly television (if COX signs on as a partner). Because most of the marketing efforts are in-state, which will not necessarily attract visitors.
- Given azcentral.com's prominent involvement in the event, there will also be significant online promotion and database marketing
- The event dates fall within "shoulder season" when an array of rooms and reasonable pricing are available to visitors
- Not all event-goers will stay in Scottsdale hotels as some will opt for Phoenix lodging or stay with friends.

Economic Impact

While there are other, non-quantitative criteria for determining the benefits of supporting the Food & Wine Experience, immediate and long-term economic impact is certainly one important factor. Of course this is precisely why the Tourism Development Council funds special events in their city – to stimulate tourism and ultimately, the local economy.

The event promoters have called out the Charleston Food and Wine Festival with their 21,000 visitors with an economic impact of \$9.8 million, though it should be noted that that event has been held for several years. Certainly it takes time to build a following and create repeat visitors. On the other hand, Charleston is no Scottsdale and the Food & Wine Experience should draw from Las Vegas, Los Angeles, Denver and Dallas. There will also be the "organizational spending" as all of the chefs and their crews, along with the promotional companies and vendors will be staying in Scottsdale hotels.

While it is not possible to know what the "daily spend" of these visitors will be, it is fair to assume that it will be higher than normal, given the affluent demographics witnessed from other, more established food festivals.

Food & Wine Analysis

Page Three

Media Impact

It is important to point out that above and beyond the immediate economic impact of having the Food & Wine Experience in Scottsdale, there is also tremendous benefit accrued from any food networks that may cover the event live or on a taped-delayed basis. This exposure brings repeated, positive mentions and images of Scottsdale and is invaluable. Said differently, it is an enticing "postcard" from the Scottsdale CVB to cold-weather cities throughout the country.

Summary

As with most first-time special events, it is difficult to predict what their exact economic and media impact will be over time. However, this event has every appearance of being successful, given people's interest in exploring new food and drink options. One only need look at the growing number of food/cooking shows that are on television today. Last year's "Taste of the NFL," with its 3,500 attendees for just one evening, is further evidence of people's fascination with culinary events that feature both food experts and celebrities.

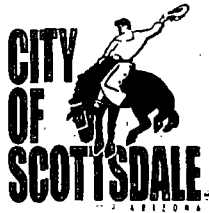
The promoters of the Food & Wine Experience, R Entertainment, are clearly very experienced in producing major, special events and their multi-faceted marketing plan is most impressive. As should be the case, it consists of both cash expenditures (\$170,000 with *USA Today*) and trade allowances (\$624,000 Republic Media and azcentral.com) and the combination should bring very good visibility to the event. That said, a good portion of the advertising campaign is focused here in the Valley and that won't do as much for visitation.

All in all, there are multiple benefits in having the Food & Wine Experience staged in Scottsdale during early November. It is a upscale event that has every appearance of being sustainable year after year, and while it only meets two of the city's "tourism drivers" (culinary and art/culture), those have proven to be two very important categories for visitation to Scottsdale

Finally, the event promoters are easily meeting the two-for-one marketing match requirement, should their full request for funding of this new event be granted.

Therefore, it is recommended that the City of Scottsdale's Tourism Development Council proceed with its support of the Food & Wine Experience.

Respectfully submitted: The Artigue Agency LLC



New Event Development Funding Program

Major events are an important component of Scottsdale's overall image and its "product". Events are also used as tools for marketing programs that are intended to increase national and international visibility for Scottsdale as a desirable tourist destination to our target upscale hotel and resort visitors.

The Tourism Development Commission (TDC) recommends City bed-tax support for a variety of beneficial events based on the following overall objectives:

- **The events market and promote Scottsdale's attractiveness as a destination to our target upscale leisure and meeting visitors AND/OR**
- **The events generate room nights in Scottsdale hotels**

The TDC reviews events that have the potential to attract visitors to Scottsdale. With that objective in mind, the TDC has adopted funding guidelines for use when evaluating event funding proposals.

City bed-tax funds must be used for marketing both inside and outside of Maricopa County, to increase the likelihood that event attendees will stay in a Scottsdale hotel.

New Event Development Funding will not cover cost of public relations agencies or talent.

Additional value is applied for shoulder and off-season events, as well as events that encourage an animated Downtown.

The minimum funding request available is \$30,000 and the maximum funding request available is \$75,000. Funding in excess of \$75,000 will be considered for events based on event development funding criteria and on a case by case basis.

In order to be considered for event funding, a comprehensive sponsorship proposal addressing why this sponsorship would meet the City of Scottsdale tourism program objectives and how the event would ensure the City's sponsorship return on investment is required.

What to include in your Proposal

- Identify the name, date, location of your event, and host hotel if applicable along with the proposed sponsorship request.
- Describe event, participants, attendees and how you will provide qualitative and quantitative information regarding event attendees and participants.
- Include all levels of sponsorships in your proposal including the level you are requesting for the City of Scottsdale.

- Describe how the event will contribute to the Scottsdale CVB branding efforts as well as provide exposure nationally, internationally and/or outside Maricopa County for Scottsdale's attractiveness as a destination to our target upscale resort visitor.
- Describe how the event will stimulate the fundamental decision to travel and visit Scottsdale as generate room nights as well as enhance the length of stay.
- Outline how evidence of room nights in Scottsdale hotels as a result of the event will be provided.
- Events eligible for consideration should fit one or more of these drivers in order to be considered: **Art and Culture, Culinary, Golf, Sports and Recreation, and Western.**
- A detailed, itemized list of what sponsorship benefits the City of Scottsdale will be receiving as part of the sponsorship package. Please include impression values, quantity, distribution methods.
- Approved funds are based on a dollar-for-dollar match. For example, if an event is approved to receive \$30,000, the total cost of pre-event marketing expenditures required is \$60,000. Of which pre-event public relations value can be considered up to 50%.
- Provide economic study or economic impact results of the event and the estimated impact on Scottsdale.
- Events would have the opportunity to participate in this program for a maximum of three years. After three years of funding support, events would have the opportunity to participate in other city event funding programs.

The following process has been developed which provides necessary information for the City of Scottsdale, TDC to evaluate funding proposal requests and to determine appropriate funding for qualified events. The sponsorship review process can take up to one to two months to complete.

Step 1 – Submit a proposal identifying the necessary proposal requirements

Step 2 – Evaluation of a request by City staff

Step 3 – Evaluation of a request by TDC (TDC meets each month every third Tuesday)

Step 4 – Recommendation to City Council for approval (Following TDC recommendation allow four weeks for council presentation).

Step 5 – Formal action by City Council

City's payment of the event sponsorship funds is conditioned upon available bed tax funds as well as the event's execution and performance.